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C O N F I D E N T I A L BUDAPEST 000186

SIPDIS

DEPARTMENT FOR EUR/CE JAMIE LAMORE

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TAGS: [PREL](#) [ECIN](#) [ENRG](#) [TSPL](#) [HU](#) [RS](#)
SUBJECT: HUNGARIAN PRIME MINISTER'S VISIT TO MOSCOW, MARCH
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Classified By: A/Pol/Econ Counselor, Jon Martinson, reasons 1.4 (b and d)

¶1. (C) SUMMARY. Prime Minister Ferenc Gyurcsany will lead a delegation of eight Ministers to Moscow for intergovernmental consultations with their Russian counterparts on March 10. Following a courtesy meeting with President Medvedev and PM Putin, the bi-lateral discussions will focus on strengthening the existing economic, trade, and scientific cooperation as well as implementation of the joint action plan developed during the first consultations held in December 2007. Six agreements are ready for signature, the most significant related to the South Stream gas pipeline project. End summary.

¶2. (C) In a meeting with Ambassador Foley on March 6, the Prime Minister's Security and Foreign Policy Advisor Karoly Banai provided a summary of Prime Minister Gyurcsany's upcoming trip to Moscow, March 10-11. Banai said these will be the second Hungarian-Russian intergovernmental consultations and they will focus on the "pragmatic and business oriented relations" between the two countries. He noted that the Prime Minister, accompanied by Ambassador Gilyan, Finance Minister Veres, MFA State Secretary Fekszzi and himself, will have a short courtesy call with Medvedev and Putin prior to broader discussions with Russian counterparts from the various ministries. The Russian participants will be lead by either Deputy Foreign Minister Titov or Foreign Minister Lavrov. The agenda includes cooperation in the fields of science, education, energy, transportation, agriculture, and regional cooperation. Banai noted that representatives from both governments will also review the implementation of a joint action plan developed during the course of the first consultations in December 2007.

¶3. (C) The Prime Minister will be joined at the meetings by the following ministers: Health, Agriculture and Rural Development, Environment Protection and Water Management, Transport and Telecommunications and Energy, National Development and Economy, Education and Culture, Finance, and Science, Research and Innovation. Notably absent will be Foreign Minister Kinga Goncz, who leaves her Post on May 1. Senior State Secretary Marta Fekszzi will represent the MFA.

¶4. (C) Banai also provided a list of six documents prepared for signature. The first, and perhaps most significant, is the Charter of the Hungarian-Russian Joint Venture to construct and operate the natural gas pipeline (Note. This is the South Stream pipeline. End note) and gas storage in Hungary. The 50 percent shareholder in the joint venture is the Hungarian Development Bank, which is 100 percent owned by the GOH. There will also be an exchange of notes on subjects

for bi-lateral consultations between the Ministries of Foreign Affairs in 2009; agreement on the Gazprom Export and Hungarian energy company MOL's gas storage project; Agreement on Cooperation in the field of Epidemic Research; Letter of Intent on Cooperation in Fighting Counterfeiting of Medicine; and an Action Plan on implementation of the Agreement on Cooperation in the field of Environmental Protection. Banai noted that the GOH requested that any discussion of a new European Security structure be "put aside" at this meeting.

15. (C) In closing, Banai said he will be watching very closely the personal dynamics between Medvedev and Putin, stating his belief that their relationship is not harmonious anymore, as they have differences in how to handle the current issues facing Russia. Commenting that the slowing of the Russian economy will also slow the development of democracy in Russia, Banai said there are more visible signs that they will continue to face challenges as they attempt to respond to increasing social challenges in the country.
Foley